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## Informer

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### Named for His Tax Ploy

Forbes 400 member Henry Samueli, Broadcom cofounder and chairman, is suing the Internal Revenue Service for disallowing a maneuver that effectively converted highly taxed income into lowly taxed capital gains. His U.S. Tax Court lawsuit says a Samueli grantor trust in 2001 bought a \$1.7 billion Freddie Mac Principal Strip bond from Refco Securities on margin, lent it back and deducted \$8 million in interest expense. In 2003 the trust sold the megabond back to Refco, deducting another \$33 million in interest while booking a \$51 million long-term capital gain.

Unpersuaded that this was a legitimate securities loan, the IRS billed Samueli \$2.9 million for back taxes and interest. His lawyer,

Nancy Iredale, calls the deal a "classic interest arbitrage," described a decade ago in a prominent tax journal and never ruled upon previously by the feds. In 2005 Samueli, now 52, of Newport Beach, Calif., and his wife, Susan, bought professional hockey's Anaheim Ducks.

—Janet Novack

Body check: Henry Samueli.

